

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MALLARD POINT)	
DISPOSAL SYSTEM, INC. FOR AN ADJUSTMENT)	
OF RATES PURSUANT TO THE ALTERNATIVE)	CASE NO. 94-266
RATE FILING PROCEDURE FOR SMALL)	
UTILITIES)	

O R D E R

On July 13, 1994, Mallard Point Disposal System, Inc. ("Mallard Point") filed with the Kentucky Public Service Commission ("Commission") an application to increase its sewer rates pursuant to 807 KAR 5:076, the Alternative Rate Adjustment Procedure for Small Utilities. The proposed rates would produce an increase in annual revenues of \$61,599, an increase of 109.68 percent over test-period normalized revenues from rates of \$56,160.

A limited financial review of Mallard Point's test period operations for the calendar year ending December 31, 1993 was performed by Commission Staff ("Staff"). Based upon this review, Staff issued a report on November 16, 1994, recommending that Mallard Point be allowed to increase its revenues from rates by \$19,733.

The Commission received numerous comments and complaints from Mallard Point's customers. Robert F. Ray, Lee Barbee, Bob Leonard, and the Utility and Rate Intervention Division of the Attorney General's Office ("Attorney General's office") intervened in this proceeding.

At the request of Mallard Point, an informal conference was held on December 9, 1994, at the Commission's offices at Frankfort, Kentucky. The only parties in attendance at the informal conference were Mallard Point and the Attorney General's office.

At the informal conference Mallard Point explained that the Division of Water ("DoW") had modified its proposed plant expansion requirements to include a 7,000 gallon sludge holding tank. On December 13, 1994, Mallard Point filed an amendment to its application in Case No. 94-267¹ that included the cost to install the additional sludge holding tank. To reflect the DoW modification, Staff issued an Amended Staff Report on December 22, 1994, recommending a revised increase in gross annual revenues of \$22,467.

By Order dated December 22, 1994, the Commission advised all parties to file comments on the Amended Staff Report or request a hearing no later than 10 days from the date of the Order or the case would stand submitted to the Commission for a decision. No comments on the Amended Staff Report or requests for a hearing have been received.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report and Amended Staff Report are supported by the evidence of

¹ Case No. 94-267, The Petition of Mallard Point Disposal System, Inc. for Approval of a Certificate of Convenience and Necessity to Construct Sanitary Sewer Facilities and Approval of Financing.

record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rate in Appendix A is the fair, just, and reasonable rate for Mallard Point and will produce gross annual revenues of \$78,627. These rates will allow Mallard Point sufficient revenues to meet its operating expenses and provide for future equity growth.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Mallard Point in its application is denied.

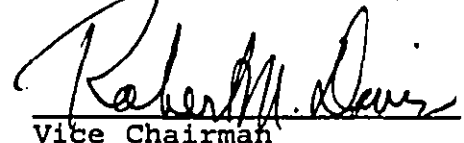
2. The rate in appendix A is approved for service rendered by Mallard Point on and after the date of this Order.

3. Within 30 days of the date of this Order, Mallard Point shall file with the Commission its revised tariff setting out the rate approved for service rendered on and after the date of this Order.

Done at Frankfort, Kentucky, this 2nd day of February, 1995.

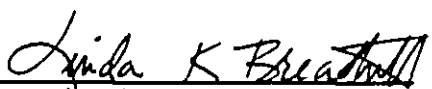
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-266 DATED FEBRUARY 2, 1995

The following rates and charges are prescribed for the customers in the area served by Mallard Point Disposal System, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Flat Monthly Rate	\$31.10
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